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# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

April 16, 2014

CERTIFIED RETURN RECEIPT  
7011 2970 0001 8828 9715

Gordon Ziegler  
Ziegler Chemical and Mineral  
368 North Broadway, Suite 210  
Jericho, New York 11753-2000

Subject: Surety Bond Replacement, Annual Reports, and Notice Update; Ziegler Chemical and Mineral; Cowboy/Bandana, Neal State, Tom Taylor, and Harrison Mines; M/047/0013, S/047/0063, S/047/0065, and S/047/0100; Uintah County, Utah

Dear Mr. Ziegler:

This letter addresses three issues related to the referenced mines: reclamation sureties, annual reports, and permitting.

#### Reclamation Sureties

The Division of Oil, Gas and Mining (Division) is in receipt of the replacement surety bond from Ironshore Indemnity Company in the amount of \$450,200.00 for the Cowboy/Bandana Notice of Intention to Commence Large Mining Operations (NOI). This bond replaces the bond issued by Bond Safeguard Insurance Company. Enclosed is the Modification to Attachment A of the Reclamation Contract (MARC) and Fact Sheet. Please sign the MARC, complete the fact sheet, and return it to the Division.

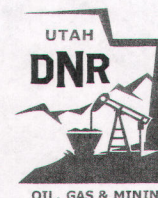
The Division still needs to receive a replacement surety for surety bond 5006992 in the amount of \$7500.00 for the Cowboy/Bandana mine. The Division will release both of the existing bonds being held for this mine after receiving full replacement sureties.

No replacement surety bond has been received for the Neal State permit, S/047/0063. The replacement surety required for this mine is \$30,800.00.

The Bureau of Land Management (BLM) holds the reclamation surety for the Tom Taylor mine, S/047/0065, and records supplied by the BLM indicate this surety is also issued by Bond Safeguard Insurance Company which is no longer acceptable to the Division.

**The Division must receive the remaining replacement sureties by June 21, 2014**, which is at least 120 days from your receipt of notification that replacements were required. The replacement sureties may be submitted in the form of other surety bonds, letters of credit, certificates of deposit, or cash. Please contact the bonding coordinator, Penny Berry, at 801-538-5291 for additional information about submitting the new sureties.

#### Annual Reports





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The Division has not received annual reports for any of Ziegler's operations. **Please submit the annual reports by June 21, 2014.**

For the Cowboy/Bandana Mine you may access the annual report form at:

[https://fs.ogm.utah.gov/PUB/MINES/Minerals\\_Related/FORMS/MR-AR-LMO.pdf](https://fs.ogm.utah.gov/PUB/MINES/Minerals_Related/FORMS/MR-AR-LMO.pdf)

For the Neal State, Tom Taylor, and Harrison mines:

[https://fs.ogm.utah.gov/PUB/MINES/Minerals\\_Related/FORMS/MR-AR-SMO.pdf](https://fs.ogm.utah.gov/PUB/MINES/Minerals_Related/FORMS/MR-AR-SMO.pdf)

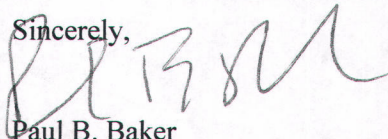
#### **Permitting**

In addition to the replacement surety requirements stated above, the Division has also been working with Zeigler Chemical on other compliance actions. On November 5, 2013, the Division issued Zeigler Chemical Corporation a directive to update the mine reclamation surety costs specifically for the Cowboy/Bandana NOI. The last reclamation cost estimate was calculated in 2002 and escalated to 2007 dollars. Even though the replacement surety requested is a necessary first step in this process, the bond is due for a reassessment in order to review and adjust as necessary. The Division suggests you complete this reevaluation prior to the June 21, 2014 deadline. Please contact the permit lead, April Abate, who can assist you in completing this action.

The Directive issued in November 2013 also required an update to the Cowboy Bandana NOI. The plan is severely out of date and requires reformatting and additional information to be brought up to the current compliance standards. Ms. Abate was working with Catherine Zeigler who had apparently begun working on this NOI update. The last correspondence from Ms. Zeigler indicated that the project was on hold until further notice (see attached correspondence). The Division recognizes that there have been many unforeseen circumstances in the past few months hindering permitting actions. No later than May 1, 2014, please contact Ms. Abate to discuss formulating a realistic deadline in proceeding with updating the mine plan.

Please contact Penny Berry at the number shown above concerning bonding requirements, April Abate at 801-538-5214, or me at 801-538-5261 if you have questions about the requirements of this letter.

Sincerely,



Paul B. Baker  
Minerals Program Manager

PBB:aa: pb

Enclosure: MARC and Fact Sheet; January 27, 2014, Correspondence from Catherine Ziegler

cc: Steve Alder, Kass Wallin, and Doug Crapo, AAG

Bill Buge, BLM ([bbuge@blm.gov](mailto:bbuge@blm.gov)), Jerry Mansfield, SITLA ([jmansfield@utah.gov](mailto:jmansfield@utah.gov))

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